Registered number: 04369949

HEALTH MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

HEALTH MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	P A Williams M Batty M A Jones M McNab
Company secretary	D Francis
Registered number	04369949
Registered office	18c Meridian East Meridian Business Park Leicester Leicestershire LE19 1WZ
Independent auditor	Ernst & Young LLP No.1 Colmore Square Birmingham Bristol B4 6HQ

HEALTH MANAGEMENT LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Introduction

The Directors present their Strategic Report for the year ended 30 September 2022.

Princial activity, review of business and key performance indicators

Health Management Limited (HML - the Company) is a leading provider of independent health assessments and occupational health services within the United Kingdom.

The Company's key financial and other performance indicators during the year were as follows:

	2022	2021
	£	£
Turnover	**£29,667,705**	£31,770,444
Operating loss	**(£6,645,983)**	(£3,892,398)
Operating Loss Margin	**(22.4%)**	(12.3%)
Net Liabilities	**(£8,519,808)**	(£2,178,945)

The Occupational Health market has proved to be extremely challenging during the year, with business volumes remaining suppressed compared to pre-Covid levels, price competition intensifying and availability of skilled clinical staff being very limited. As a result the Company has seen revenue reduce by £2.1m (6.6%) whilst cost pressures have intensified with wage inflation a particular challenge.

Despite this, during 2022 Health Management continued its investment for growth through increasing its service offering to include vocational rehabilitation and further developed training and consultancy capabilities, to greater enhance its overall offering. Investment is also being made in operational efficiency projects to both mitigate cost pressures and enhance the customer delivery experience.

As seen over the last two years, the demand for Occupational Health fluctuated as our clients continued to adapt to the challenges arising from the ongoing uncertainty of the pandemic. This was influenced by many of our clients moving to a hybrid working pattern resulting in a change in the way our clients referred to our business, this has impacted on our profitability as we continue to realign our business operations to better suit our clients.

The Occupational Health sector continues to be highly competitive and competition for skilled staff remains intense. During the year this resulted in a greater dependency on contractor and agency resource which has further impacted the cost of delivery. Management have implemented plans to address this and are confident that they will be able to reverse this over 2023.

The results of the above cumulated in an annual operating loss of £6.6m, but will enable us to support our current and prospective clients through these increasingly complex times and puts us in good stead for future profitable growth.

Principal risks and uncertainties

The Company is not reliant upon a single customer or group of customers and has several hundred contracts across a range of sectors.

As a sector Occupational Health remains highly competitive and price sensitive. To ensure that Health Management retains its competitiveness it is continuing to enhance its offering through investment. An example of this is the creation of its Vocational Rehabilitation and Training and Consultancy teams to further strengthen its wrap around services to its clients.

As the pandemic recedes and the general economy re-opens a key risk continues to be the challenge of recruiting and retaining appropriate qualified and experienced clinicians, particularly as demand for clinicians continues to intensify nationally across both public and private sectors. The company has sought to consolidate its position as an employer of choice for occupational health clinicians through a range of measures including enhancing its remuneration and benefits offering and strengthening its clinical support processes.

The Company has prepared forecasts on the basis that client overall demand will not fully return to pre-Covid-19 volumes. The Company continues to have access to funding from the Maximus UK Group HSBC credit facility of £10m, where each UK company can borrow up to a maximum of £30m as long as the net balance does not exceed the £10m limit. The UK group has prepared forecasts that indicate it can operate comfortably within this facility for the foreseeable future and is optimistic of future profitable growth as client demand increases in line with the UK economic recovery.

Directors' statement of compliance with duty to promote the success of the Company

The Board of Directors always consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1) (a) - (f) of the Companies Act 2006, in the decisions taken during the year ended 30 September 2022.

Our plan is designed to have a long term beneficial impact on the group and to contribute to its success in delivering a high quality of service across all of our business divisions.

Our employees are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our team members is one of our primary considerations in the way we conduct our business. Engagement with suppliers and customers is also key to our success. We meet with our major suppliers regularly throughout the year and take the appropriate action, when necessary, to prevent involvement in modern slavery, corruption, bribery and breaches of competition law.

Directors' statement of compliance with duty to promote the success of the Company (continued).

Our plan considers the impact of the Company's operations on the community and environment and our wider social responsibilities, and in particular how we comply with environmental legislation and pursue waste-saving opportunities and react promptly to local concerns.

As the Board of Directors, our intention is to behave in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan. The intention is to nurture our reputation, through both construction and delivery of our plan, that reflects our values, beliefs and culture.

As the Board of Directors, our intention is to behave responsibly towards all our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan.

This report was approved by the board and signed on its behalf.

M A Jones

M A Jones
Director
Date: 24 February 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

The Directors present their report and the financial statements for the year ended 30 September 2022.

Results and dividends

The loss for the year, after taxation, amounted to £6,340,863 (2021 - loss £3,129,867).

There were no dividends paid or proposed during the year (2021:£nil).

Directors

The current Directors are shown on the 'Company Information' page.

The Directors who served during the year and subsequently were:

P A Williams
M Batty
M A Jones
M McNab

Future developments

The Company will continue to actively bid for new contracts in both the public and private sector, whilst maintaining and improving its existing occupational health and assessment services.

Engagement with employees

The Company recognises the importance of its employees and is committed to effective communication and consultation.

During the year, the Company continued to provide employees with information about the Company and its group via newsletters, websites and regular announcements.

The Company considers the welfare of its staff to be of paramount importance. The Company's policy is to promote equal opportunities and this extends to everything it does, including recruitment processes, training and development opportunities and reasonable adjustment policies.

Disabled employees

Applications for employment by disabled persons are always considered, with reference to the aptitude of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that the appropriate workplace adjustment is made. It is the policy of the Company that the training, development and opportunities available to disabled employees should be identical to those available to all other employees.

Directors' indemnities

The Company has made available an indemnity to the Directors against liabilities incurred by them in defending proceedings against them in relation to the affairs of the Company. The indemnity is subject to the provisions of the Companies Act and is set out in the Articles of Association.

Going concern

The financial statements have been prepared on a going concern basis. The Company is a member of the Maximus, Inc group of companies. It shares banking facilities with its 3 fellow UK subsidiaries (together "the Maximus UK Group"). Cashflow is managed on a group basis and hence its ability to continue to operate is dependent on the performance of its fellow UK based Maximus trading subsidiaries, as well as the continued support of its ultimate parent, Maximus Inc.

The Directors consider the going concern period to be the period to the end of February 2024. Projections of cash flows for the UK group of companies have been prepared to the end of September 2024 which covers this period. These projections have been prepared using assumptions that the Directors consider appropriate to the UK group's current financial position with regards to future revenues and costs. The group has considered economic and political factors including the impact of Covid-19 and the ongoing conflict in Ukraine and its resulting impact on inflation. The forecast to the end of February 2024 shows adequate headroom to cover any reasonable downside risk in the forecast and sufficient funding from the Maximus UK Group Credit facility of £10m, where each UK company can borrow up to a maximum of £30m as long as the net balance does not exceed the £10m limit.

As further assurance, and in worst case scenarios, the Directors of the Company have asked for and received a letter of support from the parent company, Maximus, Inc., which covers the going concern period of 12 months from the date of approval of these financial statements. The Directors have considered the ability of the parent company to stand behind that letter of support.

As the Company is currently dependent upon financial support from Maximus, Inc., any change in ownership structure would create uncertainty over the Company continuing to operate as a going concern. At the time of approving the financial statements, the Directors have received an offer to purchase the entire share capital of the business and have made progress in agreeing the terms of the sale. The divestiture of the Company from the rest of the Maximus UK Group would require settlement of the Company's borrowings and a termination of the current £10m HSBC credit facility. As the Directors are not able to confirm the ability of the potential acquirer to support the Company over the going concern period, or how it will integrate with the acquirer's existing business and financial structure they consider it appropriate to disclose this material uncertainty surrounding the going concern basis of preparation.

Therefore, whilst the Directors of the Company are satisfied that it is appropriate to prepare these accounts on a going concern basis, they have concluded, as a consequence of the above, that there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not contain the adjustments that would result if the Company was unable to continue as a going concern.

Matters covered in the Strategic Report

The Directors have chosen to disclose information on the Company's principal activity, review of business and principal risks and uncertainties, required by the Companies Act 2006 to be included within the Directors' Report, instead within the Strategic Report.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and

- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Post balance sheet events

No significant post balance sheet events to report.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

M A Jones

M A Jones
Director

Date: 24 February 2023

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALTH MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Health Management Limited for the year ended 30 September 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that a material uncertainty exists in relation to the potential sale of the company to a third party, the resulting impact of such change in the ownership structure to the company's access to borrowing facilities, and the inability of the Directors to assess the ability of the acquirer to support the company over the going concern period.

As stated in note 2, these events or conditions, along with the other matters as set forth therein, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALTH MANAGEMENT LIMITED (CONTINUED)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALTH MANAGEMENT LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety and GDPR.

- We understood how Health Management Limited is complying with those frameworks by reading internal policies and codes of conduct and assessing the entity level control environment, including the level of oversight of the directors. We designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraph above. As well as enquiry and attendance at meetings, our procedures involved a review of board meetings to identify any non-compliance with laws and regulations. We understood any controls put in place by management to reduce the opportunities for fraudulent transactions.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making enquiries of senior management and those charged with governance. We understood the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. We planned our audit to identify risks of management override, tested higher risk journal entries and performed audit procedures to address the potential for management bias, particularly over revenue recognition and measurement of accrued revenue at yearend. Our procedures were designed to provide reasonable assurance that the company financial statements were free from material misstatement.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiries of key management, reviewing key policies, inspecting legal registers and correspondence with regulators and reading key management meeting minutes. We also completed procedures to conclude on the compliance of significant disclosures in the Financial Statements with the requirements of the relevant accounting standards and UK legislation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Ernst & Young LLP
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Adam Gittens (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP

Statutory Auditor

No.1 Colmore Square
Birmingham
B4 6HQ
Date: 24 February 2023

HEALTH MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Turnover	4	**29,667,705**	31,770,444
Cost of sales		**(29,279,975)**	(27,356,783)
Gross profit		**387,730**	4,413,661
Administrative expenses		**(7,037,375)**	(8,363,039)
Other operating income	5	**3,662**	56,980
Operating loss	6	**(6,645,983)**	(3,892,398)
Amounts written off investments		**(889,530)**	-
Interest payable and similar expenses	10	**(132,308)**	(102,788)
Loss before tax		**(7,667,821)**	(3,995,186)
Tax on loss	11	**1,326,958**	865,319
Loss for the financial year		**(6,340,863)**	(3,129,867)

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 16 to 39 form part of these financial statements.

HEALTH MANAGEMENT LIMITED
REGISTERED NUMBER: 04369949

BALANCE SHEET
AS AT 30 SEPTEMBER 2022

	Note		2022 £		2021 £
Fixed assets					
Intangible assets	12		**893,933**		1,068,532
Tangible assets	13		**938,028**		1,818,445
Investments	14		**3,061,456**		3,950,986
			4,893,417		6,837,963
Current assets					
Debtors	15	**7,013,807**		8,196,648	
Cash at bank and in hand		**8,190**		12,208	
		7,021,997		8,208,856	
Creditors: amounts falling due within one year	16	**(19,843,893)**		(16,030,098)	
Net current liabilities			**(12,821,896)**		(7,821,242)
Total assets less current liabilities			**(7,928,479)**		(983,279)
Creditors: amounts falling due after more than one year	17		**(94,626)**		(398,480)
			(8,023,105)		(1,381,759)
Provisions for liabilities					
Other provisions	20	**(496,703)**		(797,186)	
			(496,703)		(797,186)
Net liabilities			**(8,519,808)**		(2,178,945)

HEALTH MANAGEMENT LIMITED
REGISTERED NUMBER: 04369949

BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Capital and reserves			
Called up share capital	21	**580**	580
Share premium account	22	**13,733,088**	13,733,088
Profit and loss account	22	**(22,253,476)**	(15,912,613)
		(8,519,808)	(2,178,945)

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M A Jones

M A Jones
Director

Date: 24 February 2023

The notes on pages 16 to 39 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2020	**580**	**13,733,088**	**(12,782,746)**	**950,922**
Loss for the year	-	-	(3,129,867)	(3,129,867)
At 1 October 2021	**580**	**13,733,088**	**(15,912,613)**	**(2,178,945)**
Loss for the year	-	-	(6,340,863)	(6,340,863)
At 30 September 2022	**580**	**13,733,088**	**(22,253,476)**	**(8,519,808)**

The notes on pages 16 to 39 form part of these financial statements.

1. Authorisation of financial statements and statement of compliance with FRS101

The financial statements of Health Management Limited for the year ended 30 September 2022 were authorised for issue by the Directors on 24 February 2023 and the balance sheet was signed on that date. Health Management Limited is a private company limited by shares, incorporated and domiciled in England and Wales. The registered office is 18c Meridian East, Meridian Business Park, Leicester, Leicestershire, LE19 1WZ.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary whose results are included in the consolidated accounts of Maximus Inc., a company incorporated in the United States of America and listed on the New York Stock Exchange. Therefore the accounts present information about the Company as an individual undertaking and not about its group.

The Company's financial statements are prepared in Sterling, which is the functional currency of the Company, and rounded to the nearest £. The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2. Accounting policies (continued)

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS, 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

This information is included in the consolidated financial statements of Maximus Inc as at 30 September 2022 and these financial statements may be obtained from Maximus Inc., 1600 Tysons Blvd, Suite 1400, McLean, VA 22102, USA.

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. The Company is a member of the Maximus, Inc group of companies. It shares banking facilities with its 3 fellow UK subsidiaries (together "the Maximus UK Group"). Cashflow is managed on a group basis and hence its ability to continue to operate is dependent on the performance of its fellow UK based Maximus trading subsidiaries, as well as the continued support of its ultimate parent, Maximus Inc.

The Directors consider the going concern period to be the period to the end of February 2024. Projections of cash flows for the UK group of companies have been prepared to the end of September 2024 which covers this period. These projections have been prepared using assumptions that the Directors consider appropriate to the UK group's current financial position with regards to future revenues and costs. The group has considered economic and political factors including the impact of Covid-19 and the ongoing conflict in Ukraine and its resulting impact on inflation. The forecast to the end of February 2024 shows adequate headroom to cover any reasonable downside risk in the forecast and sufficient funding from the Maximus UK Group Credit facility of £10m, where each UK company can borrow up to a maximum of £30m as long as the net balance does not exceed the £10m limit.

As further assurance, and in worst case scenarios, the Directors of the Company have asked for and received a letter of support from the parent company, Maximus, Inc., which covers the going concern period of 12 months from the date of approval of these financial statements. The Directors have considered the ability of the parent company to stand behind that letter of support.

As the Company is currently dependent upon financial support from Maximus, Inc., any change in ownership structure would create uncertainty over the Company continuing to operate as a going concern. At the time of approving the financial statements, the Directors have received an offer to purchase the entire share capital of the business and have made progress in agreeing the terms of the sale. The divestiture of the Company from the rest of the Maximus UK Group would require settlement of the Company's borrowings and a termination of the current £10m HSBC credit facility. As the Directors are not able to confirm the ability of the potential acquirer to support the Company over the going concern period, or how it will integrate with the acquirer's existing business and financial structure they consider it appropriate to disclose this material uncertainty surrounding the going concern basis of preparation.

Therefore, whilst the Directors of the Company are satisfied that it is appropriate to prepare these accounts on a going concern basis, they have concluded, as a consequence of the above, that there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not contain the adjustments that would result if the Company was unable to continue as a going concern.

2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

2. Accounting policies (continued)

2.5 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. Under IFRS16, a contract is or contains a lease if it conveys the right to control the use of, and obtain substantially all the economic benefits from, an identified asset for a period of time in exchange for consideration. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less in total, or from the date of initial application of IFRS16) and leases of low value assets. For these short-term leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The Company has opted not to reassess existing arrangements that may contain a lease at the date of initial application and not to apply IFRS16 to contracts not previously identified as containing a lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate, which has been determined by reference to the rate at which it could obtain funding for these assets within its existing banking agreement at the date of the inception or modification of each lease. The incremetal borrowing rates applied in the year ended 30 September 2022 fall in the range of 1.49% - 4.61%.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in 'Creditors' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The finance cost is charged to the income statement over the lease period.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate

2. Accounting policies (continued)

2.5 Leases (continued)

lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Tangible Fixed Assets' lines, as applicable, in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.7.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The estimated useful lives range as follows:

Computer software	-	between 3 and 6 years

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	-	over the term of the lease
Plant and machinery - medical	-	15% straight line
Plant and machinery - computer	-	33% straight line
Fixtures and fittings	-	15% straight line
Motor vehicles	-	25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, and loans to and from related parties.

Debt instruments that are payable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

2.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

2. Accounting policies (continued)

2.13 Government grants

Grants for revenue expenditure are presented as part of the profit or loss in the periods in which the expenditure is recognised using the accrual method, with the grants matched and set off against the related expenditure. In the prior year, the company has made use of the UK Government's Coronavirus Job Retention Scheme ("CJRS") and the amounts received which have been set off aganst the related wages expenditure are set out in note 6.

2.14 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Share based payments

Where share options are awarded to employees in the form of Restricted Stock Units (RSUs), the fair value of the RSU at the date of the grant is charged to the Statement of Comprehensive Income over the vesting period, based on the Company's estimate of the RSUs that will eventually vest.

The cost of the share based payments is recharged from the ultimate parent company, Maximus Inc, on a monthly basis in accordance with this. The awards vest on 30 September each year.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However the nature of estimation means that actual outcomes could differ from those estimates.

In preparing these financial statements, the Directors have had to make the following judgments:

Impairment of intangible fixed assets and other assets

Determine whether there are indicators of impairment of the Company's tangible, intangible and other assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future performance of the asset and where it is a component of a larger cash-generating unt, the viability and expected future performance of that unit.

Dilapidations provision

The company makes provision for dilapidations expenditure which is expected to be incurred under the terms of short term property leases upon exits from those premises. The provision is based on judgments and estimates as to the likely costs on exit, the realisation of which may turn out to be more or less than the estimated amount.

Deferred tax asset

Deferred tax assets have been recognised on timing differences in respect of decelerated capital allowances and provisions. Deferred tax has only been recognised on timing differences to the extent that it is expected that the Company will have sufficient future taxable profits against which these assets will reverse in the foreseeable future. In the absence of sufficient profits, it is anticipated that the benefit can be realised by surrendering losses to other profitable group companies on a paid for basis.

Leases

Under IFRS16, judgment is required to identify contracts that fall within the scope of IFRS16 by reference to the rights to use and control the assets conveyed in contracts. Furthermore, to determine lease terms by reference to the reasonable expectation of any termination or extension options within those contracts

4. Turnover

All turnover is attributable to the provision of independent health assessments and occupational health services within the United Kingdom.

5. Other operating income

	2022 £	2021 £
Government grants receivable	-	55,412
Commissions receivable	**3,662**	1,568
	3,662	56,980

During the prior year, the company took advantage of the Coronavirus Job Retention Scheme ("CJRS"), implemented by the UK Government, and the amount receivable totalled £55,412. This scheme has now finished and there were no amounts received in the current year.

6. Operating loss

The operating loss is stated after charging/(crediting):

	2022 £	2021 £
Depreciation of tangible fixed assets	**1,025,326**	1,298,701
Amortisation of intangible assets	**403,338**	533,179
Impairment of Investments	**889,530**	-
Exchange differences	**(15,267)**	5,913
Defined contribution pension cost	**500,467**	506,317
Government grants	-	(55,412)

7. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor and its associates:

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	**46,417**	42,980

There were no payments for non-audit services during the year (2021: £nil)

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	**14,538,218**	13,824,115
Social security costs	**1,496,349**	1,438,457
Cost of defined contribution scheme	**500,467**	506,317
	16,535,034	15,768,889

The average monthly number of employees, including the Directors, during the year was as follows:

	2022 No.	2021 No.
Operational	**390**	389
Administration	**7**	6
	397	395

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	**261,332**	291,482
Company contributions to defined contribution pension schemes	**9,391**	18,853
Compensation for loss of office	**-**	37,875
	270,723	348,210

During the year retirement benefits were accruing to 3 Directors (2021 - 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £185,218 (2021 - £221,746).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £6,180 (2021 - £15,210).

During the year 4 Directors were granted Restricted Stock Units under the Maximus Inc 1997 Equity Incentive plan (2021: 5 Directors). Awards were vested during the year for 4 Directors (2021: 5 Directors).

For 2022, 3 Directors (2021: 3 Directors) have wider roles within the Maximus Inc Group, the charge above reflects an apportionment of their total renumeration that relate to their responsibilities and duties performed relating to Health Management Limited.

10. Interest payable and similar expenses

	2022 £	2021 £
Loans from group undertakings	**118,448**	70,632
Interest on lease liabilities	**13,860**	32,156
	132,308	102,788

11. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	**(1,370,681)**	(1,212,145)
	(1,370,681)	(1,212,145)
Total current tax	**(1,370,681)**	(1,212,145)
Deferred tax		
Origination and reversal of timing differences	**43,723**	346,824
Changes to tax rates	**-**	(38,262)
Increase in discount	**-**	38,264
Total deferred tax	**43,723**	346,826
Taxation on loss on ordinary activities	**(1,326,958)**	(865,319)

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	**(7,667,821)**	(3,995,186)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**(1,456,886)**	(759,085)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**33,360**	(5,802)
Adjustments to tax charge in respect of prior periods	**-**	38,264
Tax rate changes on deferred tax	**-**	(38,262)
Derecognition of deferred tax assets on decelerated capital allowances	**(51,121)**	(82,182)
Superdeduction at 130% on eligible capital expenditure	**(21,322)**	(18,252)
Other tax charge on Impairment of Investment	**169,011**	-
Total tax charge for the year	**(1,326,958)**	(865,319)

Factors that may affect future tax charges

The Spring Budget statement in March 2021 announced an increase to the main rate of UK Corporation Tax from 19% to 25%, effective from 1 April 2023, and the increase was substantively enacted in May 2021. Consequently, deferred tax has been provided on timing differences at the rate which will prevail when the timing differences are expected to reverse.

12. Intangible assets

	Computer software £
Cost	
At 1 October 2021	**4,768,710**
Additions - external	**228,739**
Disposals	**(2,206,935)**
At 30 September 2022	**2,790,514**
Amortisation	
At 1 October 2021	**3,700,178**
Charge for the year	**403,338**
On disposals	**(2,206,935)**
At 30 September 2022	**1,896,581**
Net book value	
At 30 September 2022	**893,933**
At 30 September 2021	1,068,532

Intangible Software assets are amortised on a straight line basis over the period during which they are expected to generate economic benefits, and the charge is recognised within administration expenses.

13. Tangible fixed assets

	Short-term leasehold property £	Plant, machinery and equipment £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 October 2021	3,136,707	6,457,783	1,519,679	584,252	11,698,421
Additions	-	110,883	34,447	-	145,330
Disposals	(971,585)	(5,273,911)	(111,365)	(577,819)	(6,934,680)
At 30 September 2022	2,165,122	1,294,755	1,442,761	6,433	4,909,071
Depreciation					
At 1 October 2021	2,061,651	6,134,427	1,107,403	576,495	9,879,976
Charge for the year on owned assets	24,500	223,332	140,802	5,800	394,434
Charge for the year on right-of-use assets	621,882	9,010	-	-	630,892
Disposals	(971,585)	(5,273,911)	(111,365)	(577,398)	(6,934,259)
At 30 September 2022	1,736,448	1,092,858	1,136,840	4,897	3,971,043
Net book value					
At 30 September 2022	428,674	201,897	305,921	1,536	938,028
At 30 September 2021	1,075,056	323,356	412,276	7,757	1,818,445

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance Sheet is as follows:

	2022 £	2021 £
Tangible fixed assets owned	527,617	777,143
Right-of-use tangible fixed assets	410,411	1,041,302
	938,028	1,818,445

13. Tangible fixed assets (continued)

Information about right-of-use assets is summarised below:

Net book value

	2022 £	2021 £
Property	**410,411**	1,032,292
Plant and machinery	**-**	9,010
	410,411	1,041,302

Depreciation charge for the year ended

	2022 £	2021 £
Property	**621,882**	824,965
Plant and machinery	**9,010**	18,010
	630,892	842,975

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 October 2021	**3,950,986**
At 30 September 2022	**3,950,986**
Impairment	
Charge for the period	**889,530**
At 30 September 2022	**889,530**
Net book value	
At 30 September 2022	**3,061,456**
At 30 September 2021	3,950,986

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Health Management (UK) Limited	18c Meridian East, Meridian Business Park, Leicester, LE19 1WZ	Dormant	Ordinary	100%
Health Management City Limited	18c Meridian East, Meridian Business Park, Leicester, LE19 1WZ	Dormant	Ordinary	100%

At the balance sheet date, the Company tested the carrying values of the investments in its subsidiaries using value in use calculations. Key assumptions were reviewed, including discount rates and expected future preformance and growth rates of the businesses.

An impairment charge of £889,530 (2021: £nil) has been recognised in the Statement of Comprehensive Income in the year, representing a reduction in the carrying value of the Company's investment in Health Management (UK) Limited.

15. Debtors

	2022 £	2021 £
Due after more than one year		
Prepayments and accrued income	**2,084**	88,825
Deferred tax asset	**234,781**	278,504
	236,865	367,329
Due within one year		
Trade debtors	**3,717,423**	4,360,223
Amounts owed by group undertakings	**100,535**	107,501
Other debtors	**308,935**	354,728
Prepayments and accrued income	**2,650,049**	3,006,867
Aggregate debtors	**7,013,807**	8,196,648

Amounts owed by group undertakings at the balance sheet date comprise current balances arising from trade and recharges that are receivable in the short term under normal trade terms, and balances arising from the surrender of group tax relief to other group companies on a 'paid for' basis.

16. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Bank overdrafts	**9,859,036**	4,289,768
Trade creditors	**1,664,959**	900,788
Amounts owed to group undertakings	**5,872,473**	7,206,087
Other taxation and social security	**389,619**	1,008,902
Lease liabilities	**304,654**	655,893
Other creditors	**605,145**	998,993
Accruals and deferred income	**1,148,007**	969,667
	19,843,893	16,030,098

Bank overdraft

The bank overdraft is held under a net Sterling facility agreement between HSBC and the UK parent and certain subsidiaries of the Maximus UK group, with a maximum net amount of £10m made available to the group. Each company acts as obligor in respect of the other parties' indebtedness under the agreement, with a guarantee in place from the Company's ultimate parent, Maximus Inc. up to the maximum facility amount of £10m.

Amounts owed to group undertakings

Amounts owed to group undertakings at the balance sheet date comprise current balances arising from trade and recharges that are payable in the short term under normal trade terms, group tax relief surrendered on a 'paid for' basis, and intercompany loans. Balances classified as loans at 30 September 2022 totalled £5,974,400 (30 September 2021: £5,865,741), comprising a loan from a fellow group company, Maximus UK Services Limited. This loan is repayable on demand, and interest is charged semi-annually in arrears at a rate of LIBOR plus 1%.

17. Creditors: Amounts falling due after more than one year

	2022	2021
	£	£
Lease liabilities	**94,626**	396,804
Accruals and deferred income	**-**	1,676
	94,626	398,480

18. Deferred taxation

	2022 £	2021 £
At beginning of year	**278,504**	659,678
Charge to profit or loss	**(43,723)**	(381,174)
At end of year	**234,781**	278,504

The deferred tax asset is made up as follows:

	2022 £	2021 £
Depreciation in excess of capital allowances	**270,589**	270,589
Other timing differences	**(35,808)**	7,915
	234,781	278,504

Deferred tax assets and liabilities are offset for financial reporting purposes where the Company has a legally enforceable right to do so.

19. Leases

Company as a lessee

The Company has entered into a number of commercial leases on certain properties and items of equipment. These leases have a typical duration of between 3 and 10 years and contain varied terms specific to each lease, such as break options, renewal options and rent reviews.

There are no restrictions placed upon the lessee by entering into these leases.

Lease liabilities are due as follows:

	2022 £	2021 £
Not later than one year	**304,654**	655,893
Between one year and five years	**94,626**	396,804
	399,280	1,052,697

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2022 £	2021 £
Interest expense on lease liabilities	**13,860**	32,156
Expenses relating to short-term leases	**306,410**	76,458
Variable lease payments not included in the measurement of lease liabilities	**31,695**	127,268

20. Provisions

	Dilapidations £
At 1 October 2021	**797,186**
Charged to profit or loss	**71,956**
Utilised in year	**(372,439)**
At 30 September 2022	**496,703**

Dilapidations

Provision is made for the cost of making good leased properties on the expiry of the lease, as required under the terms of the leases. The provision is accumulated over the lease terms on a straight line basis, and is expected to be utilised at the end of those lease terms for each of the individual properties.

21. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
26,000 (2021 - 26,000) Ordinary A shares of £0.01 each	**260**	260
260 (2021 - 260) Ordinary B shares of £0.01 each	**3**	3
12,630 (2021 - 12,630) Ordinary C shares of £0.01 each	**126**	126
12,630 (2021 - 12,630) Ordinary D shares of £0.01 each	**126**	126
6,493 (2021 - 6,493) Ordinary N shares of £0.01 each	**65**	65
	580	580

Each class of share ranks pari passu with all other shares, with the exception of the ordinary N shares which differ only in as much as they do not carry any voting rights.

22. Reserves

The Company's reserve balances are set out in the Statement of Changes in Equity on page 15.

Share premium account

The share premium represents the aggregate of the excess paid over and above the nominal value of the Company's issued share capital.

Profit and loss account

The profit and loss account represents the accumulated retained profit of the Company.

23. Share based payments

TThe ultimate parent of the Company, Maximus Inc., operates the Maximus Inc. 2017 Equity Incentive Plan, under which certain senior employees of its subsidiaries are awarded Restricted Stock Units (RSUs). Under this scheme, shares awarded to individuals generally vest over a 5 year period, subject to specific performance criteria being met. The fair value of the cost of these awards is determined by using the closing market value of common shares in Maximus Inc. at the grant date.

The cost of these awards is met by the Company, being recognised over the vesting period of each award. The cost recognised in respect of these RSUs during the year was £86,806 (2021: £126,255).

The following table illustrates the number of, and movements in, RSUs during the year:

	Number of units 2022	Number of units 2021
Outstanding at start of the year	**851**	15,923
Granted during the year	**505**	826
Vested during the year	**(130)**	(903)
Intergroup transfers out	**-**	(13,886)
Cancelled during the year	**(877)**	(1,109)
Outstanding at end of the year	**349**	851

Awards are vested on 30 September each year end. The closing market value of Maximus Inc. shares which were vested at 30 September 2022 was USD $57.61 (30 September 2021: USD $83.20). The weighted average market value of share awards that were granted in the year was USD $80.04 (2021: USD $70.21).

The remaining vesting periods of the awards outstanding at 30 September 2022 range between 30 September 2022 and 30 September 2026.

24. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £500,467 (2021 - £506,317). Contributions totalling £92,612 (2021 - £105,371) were payable to the scheme at the balance sheet date and are included in creditors.

25. Other financial commitments

At 30 September 2022 the Company was party to a cross guarantee to secure a net Sterling bank facility of £10,000,000 that has been made available by the Company's bank, HSBC, to it's UK parent Maximus Companies Ltd, and certain subsidiaries. At 30 September 2022, there was no net utilisation of this facility (30 September 2021: £Nil).

From 1 October 2020, the Company joined a VAT group with a fellow UK group company, Maximus UK Services Limited, which acts as the representative member. Under the Value Added Tax Act 1983, Section 29(1), all members of the VAT group are jointly and severally liable for any tax due during the period of their membership. All VAT liabilities of the goup are settled by the representative member in accordance with HMRC payment deadlines, with no overdue or unpaid tax at 30 September 2022.

26. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

During the year, the Directors were remunerated for services to the Company. This has been disclosed in note 9. The Directors are considered to be the key management personnel.

There were no other related party transactions during the year that require disclosure under IAS 24.

27. Post balance sheet events

No significant post balance sheet events to report

28. Ultimate group undertaking

The Company's ultimate parent undertaking is Maximus Inc., a company incorporated in the United States of America and listed on the New York Stock Exchange. The smallest and largest group into which the results of the company are consolidated is that headed by Maximus Inc. The parent company accounts are available from Maximus Inc., 1600 Tysons Blvd, Suite 1400, McLean, VA 22102, USA. The Company is included within these group accounts.

The Company's immediate parent undertaking is Maximus HHS Holdings Limited, a company registered in England and Wales.